

**HOUSING SUCCESSOR ANNUAL REPORT  
REGARDING THE  
LOW AND MODERATE INCOME HOUSING ASSET FUND  
FOR FISCAL YEAR 2013-14  
PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)  
FOR THE CITY OF PASADENA**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to Section 34176.1(f) of the California Health and Safety Code and is dated December 31, 2015. This Report sets forth certain details of the City of Pasadena's (Housing Successor) activities during Fiscal Year 2013-14 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, division 24 of the California Health and Safety Code, in particular Sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund for Fiscal Year 2013-14 (Fiscal Year) as prepared by Lance, Soll & Lunghard, LLP (Audit), which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XI., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

- I. Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

*A total of **\$524,321** was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, **\$290,149** was the City Agency debt repayment listed on the ROPS\*.*

- II. Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

*At the close of the Fiscal Year, the ending balance in the LMIHAF was **\$20,460,969** of which **\$290,149** was the City Agency debt repayment listed on the ROPS\*.*

*\*The debt repayment listed on the ROPS was the "2006 Tax Allocation Revenue Bond" payment made by the Successor Agency and the amount of the payment that has been deposited in the Housing Successor's Low and Moderate Income Housing Asset Fund (LMIHAF).*

III. **Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

*The following is a description of expenditures from the LMIHAF by category:*

|  | <b>Fiscal Year</b> |
|--|--------------------|
| <b>Monitoring &amp; Administration Expenditures</b>                  | \$31,178           |
| <b>Homeless Prevention and Rapid Rehousing Services Expenditures</b> | \$0                |
| <b>Housing Development Expenditures</b>                              |                    |
| ➤ <b>Expenditures on Low Income Units (<i>Habitat/Manzanita</i>)</b> | \$175,000          |
| ➤ <b>Expenditures on Very-Low Income Units</b>                       | \$ 0               |
| ➤ <b>Expenditures on Extremely-Low Income Units</b>                  | \$ 0               |
| ➤ <b>Total Housing Development Expenditures</b>                      | \$175,000          |
| <b>Total LMIHAF Expenditures in Fiscal Year</b>                      | <b>\$206,178</b>   |

IV. **Statutory Value of LMIHAF Assets Owned by Housing Successor:** This section provides the statutory value of LMIHAF real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

*Under the Dissolution Law and for purposes of this Report, “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer form approved by the Department of Finance by the housing asset transfer schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of properties purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.*

*The following provides the statutory value of assets owned by the Housing Successor.*

|  | As of End of Fiscal Year |
|--|--------------------------|
| Statutory Value of LMIHAF Real Property Owned by Authority | \$ 1,400,000             |
| Value of LMIHAF Loans and Grant Receivable                 | \$ 12,726,273            |
| Total Value of Authority LMIHAF Assets                     | \$ 14,126,273            |

V. **Description of Transfers:** This section describes any transfers, if any, to another housing successor agency made in previous Fiscal Years, including whether the funds are unencumbered and the status of any projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural

employees or special needs housing.

*The Housing Successor did not make any LMIHAF transfers to other Housing Successors pursuant to Section 34176.1(c)(2) during the Fiscal Year.*

**VI. Project Descriptions:** This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

*The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.*

**VII. Status of Compliance with Section 33334.16:** This section provides a status update on compliance with Section 33334.16 for interests in LMIHAF real property acquired by the former redevelopment agency prior to February 1, 2012, and a status update for interests in real property acquired on or after February 1, 2012.

*Section 33334.16 requires that real property acquired using the LMIHAF must initiate activities consistent with the development of the property for the purpose for which it was acquired within five years from the date it first acquired the property.*

*Heritage Square development sites "A" and "B" were originally acquired by the former Redevelopment Agency, transferred to the Housing Successor on February 1, 2012, and confirmed by the State Department of Finance as Housing Assets. The status of these sites are provided in the following table:*

| <b>Property</b>     | <b>Property Address</b>                                 | <b>Development Description</b>  | <b>Status</b>   |
|---------------------|---|---|---|
| Heritage Square "A" | 750-790 N. Fair Oaks Ave                                | Construction of 70-unit affordable rental apartments for Very Low Income seniors.                 | Confirmed as Housing Asset by State DoF on 2/26/13. Project construction began in March 2015 and is 30% complete. |
| Heritage Square "B" | 19-25 E. Orange Grove Blvd,<br>710-738 N. Fair Oaks Ave | Development program has not yet been defined but it will include an affordable housing component. | Confirmed as Housing Asset by State DoF on 2/26/13. Housing Successor plans to issue RFP in 2016.                 |

*The Housing Successor does not have interests any real property acquired with funds from the LMIHAF on or after February 1, 2012.*

**VIII. Description of Outstanding Obligations Pursuant to Section 33413:** This section provides a description of any outstanding inclusionary and replacement housing obligations pursuant to Section 33413 that remained to transfer to the Housing

Successor on February 1, 2012; the Housing Successor's progress in meeting those obligations; and of the Housing Successor's plans to meet unmet obligations.

*According to the fiscal year 2009-10 to fiscal year 2013-14 Implementation Plan for the former redevelopment agency, no replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at <http://ww5.cityofpasadena.net/housing/plans-and-reports/>*

- IX. Extremely Low Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five-year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. Reporting of the Income Test is not required until 2019.

*Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five year report, then the Housing Successor must ensure that at least 50% of the remaining LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement.*

**This information is not required to be reported until 2019 for the 2014 – 2019 period.**

- X. Senior Housing Test:** This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period.

*The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed- restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds to assist additional senior housing units until the Housing Successor or City assists and construction has commenced a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.*

*The following provides the Housing Successor's Senior Housing Test for the 10-year*

period of Fiscal Year 2004-5 through Fiscal Year 2013-14:

| <b>Senior Housing Test</b>               | <b>2004-5 - 2013-14</b> |
|--|-------------------------|
| <b># of Assisted Senior Rental Units</b> | 555                     |
| <b># of Total Assisted Rental Units</b>  | 1,215                   |
| <b>Senior Housing Percentage</b>         | 45.7%                   |

- XI. Excess Surplus Test:** This section provides the amount of any excess surplus in the LMIHAF, the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

*Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater.*

*The following provides the Excess Surplus test for the preceding four Fiscal Years:*

**Excess Surplus test for FY 2013-14:**

|   |    |                     |
|---|----|---------------------|
| Fund Balance - as of 6-30-2014  |    | \$20,460,969        |
| Less unavailable funds - as of 6-30-2014  |    |                     |
| Land held for resale  |    | 1,400,000           |
| Loan receivables  |    | 12,726,273          |
| Restricted cash due California Department of Finance<br>per Due Diligence Review determination letter |    | 4,128,259           |
| Total unavailable funds   |    | <u>18,254,532</u>   |
| Unencumbered fund balance - as of 6-30-2014   |    | 2,206,437           |
| Deposits for the preceding four years:  |    |                     |
| Fiscal year 2010-11   | \$ | -                   |
| Fiscal year 2011-12   |    | 44,354              |
| Fiscal year 2012-13   |    | 1,282,996           |
| Fiscal year 2013-14   |    | 234,172             |
| Total deposits  |    | <u>\$ 1,561,522</u> |
| Base limitation   | \$ | <u>1,000,000</u>    |
| Greater amount  |    | <u>1,561,522</u>    |
| Computed Excess/Surplus   | \$ | <u>644,915</u>      |

**Test Result:** *The LMIHAF have an \$644,915 Excess Surplus.*